

Reflecting on the Past Year

Commissioner Sam Wercinski

Arizona Department of Real Estate

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Reflecting on the past year, I am proud of the successes we achieved at Arizona's Department of Real Estate. First and foremost, we are an organization known for Promoting Mutual Respect among the "Three Entities": the public we protect, the industry we oversee and our fellow employees. Motivated by this new perspective, we shifted the focus of the Department in three significant ways:

1. Reduce unnecessary regulation on good practitioners, shift resources to focus on those who harm the public.

The implementation of the four-year renewal license, the pairing of the Designated Broker (DB) and Entity licenses, and the use of Electronic License Certificates has reduced unnecessary regulation and allowed us to use more resources for protecting the public.

These advancements, along with staff training and volunteers from the Arizona Association of REALTORS and the Southern Arizona Homebuilders Association then lead to two major achievements. By June 2007, the backlog of nearly 2,200 pending applications that existed when I arrived in January was gone, and we reduced license processing time from 63 days to same-day service. This has allowed ADRE staff to focus on other customer service and consumer protection opportunities.

Without technology funding, we expanded our Online License Renewal System to allow most broker management functions to be completed online. Also, 93% of licensees now use the system. This allows even more Department resources for protecting the Public and improving service to the Industry.

To better protect the Public, we hired three additional settlement officers and three new investigators. We can better prioritize cases now and conducted several significant enforcement and compliance actions in 2007. For example, this Fall, I issued a cease and desist order against Russell Bosworth for property management violations resulting in losses of over \$365,000 to 90 property owners. We also helped over 50 consumers protect \$378,000 of earnest monies in a Mexican development and established a protocol of cooperation with the Sonoran government that assists our citizens owners.

2. Focus more on Educating the Public and Industry to prevent harm from occurring.

Last year we estimate we spoke with over 10,000 citizens at workshops and speaking engagements. In January, I initiated "Commissioner's Community Conversations" (Triple C). This open door policy facilitates regular dialog between the Three Entities and helps us stay current of trends in the industry. In February, I initiated our "Community Outreach and Education" (COE) program. COEs are workshops given every Spring and Fall in each of Arizona's 15 counties. In 2007, we focused on subdivision public reports and when it is necessary to have one. We also covered

proper lot splitting and the impact of illegal subdivisions. Our upcoming COEs in March will focus on Arizona real estate “Hot Topics” and more on development.

3. Focus more resources to combat illegal subdividers.

While traveling the state, I met with officials, their staff and the public. I heard a common concern and learned about the harm illegal subdividers cause. For example, an illegal subdivider will typically put in substandard roads that erode with the first downpour. Access then becomes limited for homeowners and improbable for a school bus or ambulance. The cost to fix the roads is then shifted to taxpayers. Current estimates indicate illegal development will cost Arizona taxpayers roughly \$100,000,000 – \$200,000,000. We added more investigators to our Development Investigations Unit and we are working closely with other agencies and reputable practitioners. In my opinion, illegal subdivisions are Department’s biggest challenge in protecting real estate consumers today and 2008 will highlight our commitment to this effort.

In 2008, look for on-going programs and new initiatives that serve Arizona better to include:

- Home Buyers’ and Renters’ Bill of Rights
- Work with the Department of Public Safety to gather data on the sale or lease of homes used as drop houses.
- 2008 COEs focusing on Arizona real estate “Hot Topics” and proper development.
- **PARTNERS** For Success—(Protecting Arizona’s Realty Through New Efficiencies and Resource Sharing)—an ADRE led working task force with the AG’s office, state and county agencies to combat illegal subdividers.
- Consumer Protection Forums on real estate featuring directors from the Departments of Insurance, Financial Institutions and Registrar of Contractors joining me.
- New online services to allow educators and licensees to submit continuing education information online as courses are completed. Completed work will be shown on the licensee’s Public Database page.
- New online services will allow developers to submit Subdivision Public Report applications online.
- A new Subdivision Public Report format that will be more consumer friendly and useable.

We remain committed to protecting the public and providing proper oversight of real estate professionals. I believe we proved this can be accomplished best when the Three Entities work together. I look forward to these partnerships fostering a successful and prosperous New Year.

Respectfully Yours,

A handwritten signature in black ink, appearing to read "Sam", enclosed within a hand-drawn oval.

Sam Wercinski, Commissioner